



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia
Deputy Auditor-Controller

Frank Gomez
Deputy Treasurer-Tax Collector

DATE: August 9, 2024
TO: Audit Committee Members
FROM: Supervisor Nathan Magsig, Audit Committee Chairman
SUBJECT: Audit Committee Meeting

This will confirm the next Audit Committee meeting scheduled on **August 9, 2024 at 10:00 a.m.** in the Board of Supervisors Chambers - Room 301 of the Hall of Records. The following is the agenda for the meeting:

AGENDA

- 1) Roll Call
- 2) Pledge of Allegiance
- 3) Approve Agenda
- 4) Public Presentations
This portion of the meeting is reserved for persons desiring to address the Audit Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- 5) Approval of the May 24, 2024 Audit Committee Meeting Minutes
- 6) Consent Items
 - a. Approve Quarterly Fraud Report covering April 1, 2024 to June 30, 2024.
- 7) Discussion and Action Items
 - a. Review and approve the Fresno County Public Library Department Head Transition Report.
 - b. Review and approve the Department of Public Works and Planning American Avenue Disbursements Compliance Audit for Calendar Year 2023.
 - c. Review and accept the Independence Certification.
- 8) Staff Updates

9) Adjournment

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Enclosures

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman

Supervisor Sal Quintero, Audit Committee Vice-Chairman

Daniel C. Cederborg, County Counsel

Paul Nerland, County Administrative Officer

Kari Gilbert, Department Heads Council Member

Manuel Vilanova, Public Member

Kulwinder Brar, Public Member

Next meeting scheduled on December 6, 2024.

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
May 24, 2024 – 11:00 a.m.

MEMBERS PRESENT:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Sal Quintero, Audit Committee Vice-Chairman
Daniel C. Cederborg, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on May 24, 2024, at 11:00 a.m. in the Board of Supervisors' Chambers.

1. Roll Call

- Pai Her, Accounting & Financial Manager, Financial Reporting & Audits Division, took roll call.

2. Pledge of Allegiance

- Supervisor Nathan Magsig, Audit Committee Chairman, led all in attendance with the Pledge of Allegiance.

3. Approve Agenda

- A motion was made by Kari Gilbert, seconded by Supervisor Sal Quintero, Audit Committee Vice-Chairman, and carried 7-0 to approve the May 24, 2024 agenda.

4. Public Presentations

- This portion of the meeting is reserved for persons desiring to address the Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- There being none, the Committee proceeded to hear the next item on the agenda.

5. Reappointment of Member Vilanova for term expiring December 31, 2025.

- A motion was made by Vice-Chairman Quintero, seconded by Kari Gilbert, and carried 7-0 to reappoint Member Vilanova.

6. Approval of January 5, 2024 Audit Committee Meeting Minutes

- There being no public comments, a motion was made by Kari Gilbert, seconded by Kulwinder Brar, and carried 7-0 to approve the January 5, 2024 Audit Committee Meeting Minutes.

7. Consent Items

a) Approve Quarterly Fraud Report covering January 1, 2024 to March 31, 2024.

- There being no public comments, a motion was made by Paul Nerland, seconded by Kari Gilbert, and carried 7-0 to approve agenda item 7a.

8. Discussion and Action Items

a) Review and approve External Audit Services Agreement Award Recommendation to select:

I. Brown Armstrong Accountancy Corporation

II. CliftonLarsonAllen, LLP (CLA)

- Paige Benavides, County Budget Director, County Administrative Office, introduced and presented the item.
- Chairman Magsig inquired if Brown Armstrong Accountancy Corporation was the most competent and lowest-priced bidder. Paige Benavides responded affirmatively, stating that the panel had reached that conclusion.
- Chairman Magsig asked if CliftonLarsonAllen was being awarded the contract for being the second-best bidder and penalizing the most efficient firm. Paige Benavides explained that the decision was based on the premise that it would be more efficient for two contractors to handle the two engagements. Therefore, even if one firm was deemed the best for both engagements, only one engagement would be awarded to each firm.
- Chairman Magsig inquired if Brown Armstrong Accountancy Corporation had bid on both engagements. Paige Benavides replied that all four proposers had bid on both engagements.
- Daniel Cederborg, County Counsel, inquired about the frequency of changing audit firms. Paige Benavides replied, the change occurs every six years. Daniel Cederborg also inquired if it was acceptable to solely change the audit partner rather than the firm. Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, confirmed that it was acceptable.
- There being no public comments, a motion was made by Paul Nerland, seconded by Dan Cederborg, and carried 7-0 to approve Agenda Item 8a.

b) Review and accept the County of Fresno Single Audit Report for year ended June 30, 2023.

- Pai Her introduced the item.
- Eric Xin, Engagement Partner, Brown Armstrong Accountancy Corporation, presented the item.
- There being no public comments, a motion was made by Paul Nerland, seconded by Kari Gilbert, and carried 7-0 to approve Agenda Item 8b.

c) Review and approve the Department of Public Health Payroll Compliance Audit for dates in calendar years 2021 and 2022.

- Pai Her introduced and presented the item.
- Chairman Magsig inquired whether the overpayments had been recouped and if the underpayments had been processed. Pai Her responded that the Payroll Division had been contacted and, to their knowledge, the department had not submitted any payroll corrections. Sevag Tateosian, Program Manager, Department of Public Health, added they are currently working on retrieving information in order to process the overpayments.
- Chairman Magsig inquired about the existence of penalties for underpaying employees. Daniel Cederborg confirmed that such penalties do exist.
- Daniel Cederborg inquired whether the finding regarding the lack of overtime documentation resulted from an outdated overtime approval policies and procedures. Rochelle Garcia, Accounting & Financial Division Chief, Financial Reporting & Audits Division, explained that the audit process included requesting the department's internal payroll policies and procedures and verifying that these procedures were being followed.
- Daniel Cederborg inquired whether the department's processes should be changed or if they are acceptable. Rochelle Garcia responded that departments are typically asked to evaluate their processes.

Sevag Tateosian also responded, mentioning that they have reached out to the Department of Social Services for guidance regarding overtime forms. Sevag also expressed gratitude towards the Auditor-Controller-Tax Collector staff.

- Daniel Cederborg stated that audits demonstrate when policies and procedures are not being followed and highlight operational problems and redundancies. Sevag Tateosian added that they have also reached out to other departments for their policies and will be integrating them into their own procedures.
- There being no public comments, a motion was made by Paul Nerland, seconded by Manuel Vilanova, and carried 7-0 to approve Agenda Item 8c.

d) Review and approve the Proposed Audit Plan for fiscal year 2024-25.

- Oscar J. Garcia introduced and presented the item.
- Paul Nerland inquired about the level of completion for the Internal Services Department Audit. Oscar J. Garcia responded that it is approximately 80% completed. Paul Nerland inquired about the time frame departments have to respond when the audit findings are presented to the department. Oscar J. Garcia responded that it is typically two to four weeks once the audit has been completed. Oscar J. Garcia clarified that audit is also for the Probation Department.
- Edward Hill, Interim Department Head, Internal Services Department (ISD), expressed appreciation for the length of time given to respond to the audit findings.
- Kari Gilbert inquired whether the Auditor-Controller/Treasurer-Tax Collector's office, currently conducting an audit of ISD, is interested in conducting further audits of the same department. Oscar J. Garcia responded that additional audits of ISD are focused on different areas of the department.
- Kulwinder Brar inquired about the current areas being audited for ISD. Rochelle Garcia responded that the areas under review include rate development, billing, procurement, and payroll.
- Chairman Magsig expressed his desire for an audit of ISD's capital and sensitive assets. Oscar J. Garcia responded affirmatively, adding that his office is also conducting transition review audit.
- Paul Nerland proposed initiating a joint audit for the home garaging program to ensure the County's compliance with IRS standards reporting. Additionally, he emphasized the importance of ensuring departments adhere to policies and procedures regarding the use of County vehicles for both personal and work-related purposes. Paul Nerland further stated that this audit would necessitate cooperation between his office and staff from the Auditor-Controller/Treasurer-Tax Collector's office.
- Daniel Cederborg inquired where Paul Nerland would place the home garaging program audit on the priority list. Paul Nerland responded that he does not believe the scope of the audit would require a vast amount of time. Oscar J. Garcia asked if Paul Nerland has entertained making the department heads responsible by certifying that they are keeping track of the home garaged vehicles. Paul Nerland responded yes but will still like to audit the home garaging program.
- Kulwinder Brar inquired whether the County vehicles are accounted for by each entity in the County. Paul Nerland responded that some vehicles have the privilege of home garaging, but County policy dictates that this should be limited. Additionally, Paul Nerland mentioned that there is an IRS requirement for taxing employees who use County vehicles for personal purposes.
- Kulwinder Brar asked who the home garaging audit would impact. Daniel Cederborg mentioned various departments. Oscar J. Garcia elaborated that departments are expected to furnish payroll with

a list of employees who garage their vehicles at home, and this information is to be tracked. Afterwards, in compliance with IRS regulations, payroll allocates those individuals an allowance, which are subject to taxation.

- Kulwinder Brar inquired if the audit would include multiple layers. Oscar J. Garcia responded yes, but that not every department issue vehicles.
- Chairman Magsig requested an audit of the treasurer pool, focusing particularly on the County's portion and the restricted funds, as well as the non-restricted funds within the pool. Additionally, Chairman Magsig emphasized the importance of ensuring that departments prioritize the use of restricted funds as per the policy set by the Board of Supervisors. In response, Oscar J. Garcia stated that his office has already initiated an examination of the three largest departments.
- Kari Gilbert inquired about the three major departments being examined. Oscar J. Garcia mentioned that the Department of Child Support Services was not included.
- Kulwinder Brar also inquired about the three major departments. Oscar J. Garcia responded that they are the Department of Social Services, the Department of Public Health, and the Department of Behavioral Health.
- Kari Gilbert inquired how the audit priority levels were determined. Oscar J. Garcia responded some of the audits stemmed from audit committee members requests and the risk assessment completed by various departments.
- Chairman Magsig asked if the Auditor-Controller/Treasurer-Tax Collector office had adequate audit direction. Pai Her responded by sharing that the three proposed audits mentioned by committee members include audit of Internal Services assets, home garaging, and the treasury pool.
- Paul Nerland inquired if the Internal Services assets audit relates to the County wide assets. Oscar J. Garcia stated yes.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Kulwinder Brar, and carried 7-0 to approve Agenda Item 8d.

9. Staff Updates

Oscar J. Garcia expressed his appreciation for the Financial Reporting & Audits Division stipend, which has facilitated staff retention and consequently, will result in a more knowledgeable staff.

10. Adjournment

- A motion was made by Chairman Magsig to adjourn the meeting at 11:40 a.m.

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Sal Quintero, Audit Committee Vice-Chairman
Daniel C. Cederborg, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member



COUNTY OF FRESNO

FRAUD HOTLINE QUARTERLY REPORT

Administered by the Auditor-Controller/Treasurer-Tax Collector

For the Quarter Ended June 30, 2024

Director: Oscar J. Garcia, CPA
Accounting & Financial Manager: Pai Her
Hotline Staff: Jarry Lim



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Frank Gomez

Deputy Treasurer-Tax Collector

DATE: August 09, 2024

TO: Audit Committee Members

FROM: Oscar J. Garcia, CPA – Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Fraud Hotline Quarterly Activity Report for the Quarter Ended June 30, 2024

In accordance with the provisions of California Government Code Section 53087.6, the County of Fresno Fraud Hotline serves as a means to discover, investigate, and remediate acts of fraud, waste, or abuse involving County employees, as defined by the statute.

We have completed our quarterly report concerning the operation of the County of Fresno Fraud Hotline. This report is for the three-month period of April 1, 2024 through June 30, 2024.

We would like to acknowledge the professionalism and cooperation extended to us by the management of the various County agencies/departments during our Hotline investigation process. As always, I remain available to answer any questions you may have. Please contact me directly or Pai Her, Accounting & Financial Division Manager at (559) 600-1378 or Jarry Lim, Accountant at (559) 600-1368 if we can be of any assistance.

Attachments

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended June 30, 2024

Below is the County of Fresno Fraud Hotline activity for the period of April 1, 2024 through June 30, 2024.

1. Statistical Summary

The Financial Reporting and Audits Division received 121 Hotline allegations, complaints, or other contacts during the reporting period. Of these reports, 101 were made anonymously while 20 reports were made by individuals who identified themselves. The Hotline received 84 reports via telephone, 35 by email, and 2 by letter. These reports are categorized in Table 1.

Table 1 Statistical Summary	
Actionable Items	11
Referred Items	98
Non-Actionable Items	12
Total Allegations/Complaints	121

2. Types of Allegations/Complaints

Cases opened during the period involved various complaints and allegations such as: 1) improper use of government benefits, 2) fraudulent check alterations, and 3) management improprieties.

Actionable – County

Allegations involving individuals employed by the County and/or other related parties (i.e., vendors, contractors, etc.).

Actionable – Non-County

Allegations involving individuals and/or other entities with no known relation to the County.

Referral – County

Allegations involving issues primarily handled by other County Departments via established fraud-reporting methodologies.

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended June 30, 2024

Referral – Non-County

Allegations involving issues beyond the responsibilities of the County of Fresno are referred to appropriate non-County agencies.

Non-Actionable Items

These include insufficient information and not applicable issues. Examples include failure to state sufficient facts on which to base any investigation, inquiries regarding the status of other investigations, requests for information, and wrong numbers.

Table 2 identifies the total number of cases opened during this period and detail complaint type.

Table 2 Types of New Allegations/Complaints	
Actionable – County:	1
Employee Negligence	1
Actionable – Non-County:	10
Forged/Altered Check	8
Non-County Other	2
Referral – County:	83
Welfare Fraud	71
County - Other	12
Referral – Non-County:	15
Various	15
Non-Actionable Items:	12
Not enough information	12
Total	121

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended June 30, 2024

3. Status of Complaints

The complaints processed by the County of Fresno Fraud Hotline include alleged behavior by an employee and/or client (i.e., timecard abuse, misuse of county assets, management improprieties, conflict of interest, and misuse of program funds). As of the end of the reporting period, there was no investigation by the County of Fresno Fraud Hotline. (See summary below)

Table 3						
Status of Complaints						
Actionable Calls	Investigation			Closed Findings		
	Ongoing	New	Closed	Substantiated	Unsubstantiated	Referral
Management						
Employee	1					
Client						
Unknown						
Total	1	-	-	-	-	-



County of Fresno

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

May 13, 2024

Sally Gomez
Fresno County Public Library
2420 Mariposa St,
Fresno, CA 93721

RE: Fresno County Public Library Transition Review

Dear Ms. Gomez,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the Fresno County Public Library (Department). The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

We conducted this review in conformance with the International Standards Framework for the Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors. Those standards require that auditors identify sufficient, reliable, relevant, and useful information to achieve the audit objectives.

The transition report included accounting for cash, capital assets, and inventorable assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming interim Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.
3. Examine conflict of interest filings.

4. Check the exiting Department Head's final paycheck for accuracy and appropriateness.
5. Check the incoming interim Department Head's first paycheck for accuracy and appropriateness.
6. Ensure that, according to Government Code 24051 and Management Directive 418, the certification of all property under the control of the exiting Department Head has been signed by both, the exiting and incoming interim Department Heads.

Results:

Finding 1 – Cash Handling

Departments are responsible for the secure management of any Petty Cash or Other Cash funds assigned to their divisions. The Fresno County Public Library maintains 37 cash funds, which consist of petty cash, and change funds for the various library branches. During cash counts at the Fig Garden Regional Library and Clovis Regional Library, overages of \$0.25 and \$0.45 were discovered respectively. These variances were not reconciled with receipts or other types of documentation, indicating a failure in adhering to proper reconciliation practices. The custodians were unaware of the additional cash due to inadequate daily fund reconciliation, leading to non-compliance with established policies and procedures. In addition, the policy mandates weekly verification of the petty cash fund to ensure accuracy, which was not consistently performed as required. Similarly, the Central Change Fund (Black Pouch) was found to deviate from the recommended monetary breakdown, violating the stipulated policies and procedures.

Recommendation 1

We recommend that the Department review its policies and procedures for handling Petty Cash and Other Cash funds, along with providing training to staff to ensure safe and secure management of funds is upheld. In the case of change funds, we recommend cash on hand is reconciled on a daily basis to receipts and the accountable balance of the fund. This will ensure balances are accurate and any cash shortages or overages are reported on time. In addition, the reconciliation must be reviewed by supervisory personnel, and management must conduct unannounced cash counts to verify the amount of cash on hand as stated in the Cash Manual, section 5.3.

Finding 2 – Asset Management

During this process, a total of 96 assets were tested, which included 32 capital assets and 64 inventoriable assets chosen at random. Per Management Directive 0400 (MD), section 413.2 Inventoriable Assets, departments are required to maintain an inventoriable asset listing containing certain information, but not limited to, the acquisition date, acquisition cost, and quantity of the asset. However, the inventoriable asset listing provided did not include the mentioned attributes. We identified 16 out of 64 inventoriable assets had asset tags that either were not included in the asset listing or did not match the provided listing. In addition, we

identified six out of 64 inventoriable assets did not include a quantity specified. Upon further communication with the Department, they explained that one of the six assets was declared surplus in November 2023. However, the Department's inventoriable asset listing did not include a disposition date and a method of disposition.

Recommendation 2

We recommend the Department revise its inventoriable asset listing to ensure all data is listed for each inventoriable asset, as required in MD section 413.2. If the necessary information is not available for those assets currently on the list, we recommend the department include the required information for any new assets added to the list going forward. Additionally, we recommend the department examine its inventoriable asset procedures to ensure assets are tracked, monitored, and recorded properly. Furthermore, for any inventoriable assets lacking identification, we recommend that the department establish a suitable form of identification so that tracking of the asset is feasible.

Finding 3 – Compliance

Certain County of Fresno officials and employees are required to complete FCAC-255, a County of Fresno Conflict of Interest Affidavit; Form A, County of Fresno Quarterly Report of Gifts/Gratuities; and/or the California Form 700, Statement of Economic Interests. Upon review of Form A, six out of 20 employees selected for testing were not signed within 15 days of the quarter ending. For Form 700, one out of 21 employees selected for testing did not fill out the form.

Recommendation 3

We recommend the Department review its processes and procedures for receiving and reviewing the required forms along with providing training to staff to ensure requirements for its periodic compliance filings are met consistently.

This concludes our findings and recommendations. While still a matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Pai Her at (559) 600-1378.

Sincerely,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



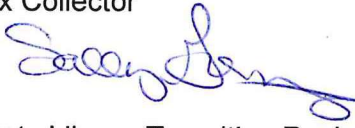
County of Fresno

FRESNO COUNTY PUBLIC LIBRARY
Sally Gomez, County Librarian

MEMORANDUM

DATE: June 13, 2024

TO: Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

FROM: Sally Gomez, County Librarian 

RE: Findings Response Fresno County Library Transition Review

Please find the Library's response to the transition review findings and recommendations by the Auditor-Controller/Treasurer-Tax Collector audit report dated May 13, 2024. There were three (3) findings.

Library Response:

Finding 1 – Cash Management

We agree with the findings and recommendations. The Department continues to hold periodic cash management policy and procedure training along with an annual review process by a departmental cash handling subcommittee that consists of branch and accounting staff members.

Finding 2 – Asset Management

The Library agrees with the findings and recommendation for inventoriable assets. The library has enhanced its inventoriable listing report with an identifier for items that met the criteria and continues to update the process between staff members to include acquisition costs and is requiring that the cost is entered when an order is placed in the IT tracking system.

Finding 3 – Compliance

The Department acknowledges the recommendations and findings. Unfortunately, there is no communication from Main County Human Resource (HR) to departmental contact person if eligible members have completed the Form A on a timely basis. In 2022, the Main County HR implemented a new process to complete and submit Form A through the website, Neogov with no check and balance reporting between HR and departmental HR.

The department will collaborate with Main County HR to define the new process and procedures for a status update report to ensure quarterly Form A and annual Form 700 are completed timely on Neogov.

**Department of Public Works and Planning
American Avenue Cash Disbursement Compliance Audit
For Calendar Year 2023
County of Fresno, CA**



County of Fresno

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

July 10, 2024

Steven E. White
Department of Public Works and Planning
2220 Tulare Street, 6th Floor
Fresno, CA 93721

Dear Mr. White,

We have completed an American Avenue Cash Disbursement Compliance Audit of the Department of Public Works and Planning (Department). The purpose of the cash disbursement compliance audit, which is limited in scope, is to account for the proper handling and reporting of expenditures and cash disbursements, as well as to determine the Department's compliance with established internal controls, policies, and procedures.

We have identified one finding and have made the corresponding recommendation. The finding and recommendation can be found on page six and seven of this report.

We would like to express our appreciation to the Department's staff for their assistance and cooperation during this audit. If you have any questions, please contact Pai Her, Accounting & Financial Manager at (559) 600-1378 or Rochelle Garcia, Accounting & Financial Division Chief at (559) 600-1351.

Sincerely,

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

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Audit Report

Introduction

The Financial Reporting & Audits division of the Auditor-Controller/Treasurer-Tax Collector (ACTTC) conducted a cash disbursements compliance audit for the American Avenue Disposal Site of the Department of Public Works and Planning (Department) for dates in fiscal year 2023. The ACTTC elected to perform this audit based on the Departmental Risk Assessment performed yearly as part of the County of Fresno Internal Audit Plan.

Background

The Department consists of seven divisions, each committed to the delivery of quality service, developing communities, and complying with laws and regulations. As part of their community commitments, the Department provides various services such as road maintenance, community development, building permits, and code enforcement services, to name a few.

Objectives, Scope, and Methodology

The main objective of this audit was to ensure that the cash disbursement components reviewed were accurate, and that approval processes and supporting documentation existed. Other audit objectives were:

1. To examine internal controls to verify if they were at an acceptable level.
2. To verify the existence of segregation of duties.
3. To review emergency cash disbursements for appropriateness.

To accomplish our audit objectives, we performed the following audit procedures:

- Conducted interviews with Department staff.
- Obtained a copy of the most recent Policies and Procedures from the Department.
- Selected a sample, with the inclusion of voucher payments and journal ID's, and performed a test of controls and details.
- Reviewed cash disbursement transactions for appropriate timing of disbursement, accuracy and appropriate approvals, and proper supporting documentation.

Conclusion

We conducted this audit in accordance with the standards promulgated by the Institute of Internal Auditors. Those standards require that auditors identify sufficient, reliable, relevant, and useful information to achieve the audit objectives. We believe that the information obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit resulted in the identification of one finding. The supplier invoice was not processed for payment in a timely manner. We have made a recommendation relating to the finding. The recommendation and detail of the finding can be found in the Findings and Recommendations section of this report.

This report is intended solely for the information and use of the County of Fresno Audit Committee and management of the Department and should not be used for any other purpose. However, this report is a matter of public records, and its distribution is not limited.

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

Findings and Recommendations

Finding 1- Timeliness of payments for the cash disbursements process

Criteria

In accordance with the cash disbursement policies and procedures provided by the Department as well as requirements specified in the contract between vendors and the department, invoices are to be paid in a timely manner and within 45 days of receipt.

Condition

Out of a sample of 60 transactions tested, 35 transactions were selected for further testing regarding timeliness as these transactions were payments to outside vendors. The remaining 25 transactions did not undergo further testing as they were transfers or reclassification of funds between County departments. For this process, we requested emails sent to the accounts payable inbox (acttcaccountspayable@fresnocountyca.gov) for payment processing. We compared the "Approve Date" on the "Business Office Invoice Review" to the date the email was sent to the accounts payable inbox, considering the payment terms established in the vendor contracts.

As a result, we found one, out of the 35 transactions, was not paid in a timely manner, as the submission for payment processing exceeded the 45-day period specified in the respective contract. Specifically, the transaction exceeded 35 days.

Cause of Condition

The Department lacked written policies and procedures regarding the timeliness of payment processing. Upon our request for the Department's written policies and procedures related to payment timeliness, it became evident that clear policies and procedures did not exist. The information provided was either vague or incomplete, further highlighting the absence of well-defined guidelines.

Effects of Condition

Timely cash disbursements are crucial, and any delays can severely impact operational efficiency, strain vendor relationships, and undermine overall financial health.

Recommendation

We recommend the Department revise its cash disbursement policies and procedures to include clarity regarding the timeliness of payment processing. Specifically, the policy should define a clear timeframe for completing the cash disbursement task from the date an invoice is received until payment is made.

To improve oversight and accountability, we recommend the Department establish a clear protocol for the timeliness of each process. This protocol should outline specific responsibilities and ensure that disbursements are thoroughly reviewed and approved in a timely manner.



Inter Office Memo

DATE: July 22, 2024

TO: Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

FROM: Steven E. White, Director **Steve White**
Department of Public Works and Planning

Digitally signed by Steve
White
Date: 2024.07.22
13:05:13 -07'00'

SUBJECT: American Avenue Cash Disbursement Compliance Audit Response

This memorandum is in response to the finding and recommendation listed in the American Avenue Cash Disbursement Compliance Audit prepared by the Auditor-Controller/Treasurer-Tax Collector (ACTTC) for the Calendar Year 2023.

Response to Finding 1 – Timeliness of payments for the cash disbursements process.

Public Works and Planning (PWP) agrees with the finding and recommendation. PWP will update its cash disbursement policy to include timelines with regards to the cash disbursement process, including a 45-day period to complete payment as established in vendor contracts. The cash disbursement policy will also be updated to include other timelines with regards to coding and approval of invoices along with listing responsible staff for each.



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Frank Gomez

Deputy Treasurer-Tax Collector

DATE: August 9, 2024
TO: County of Fresno Audit Committee
FROM: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector
SUBJECT: Independence Certification

I confirm to the best of my knowledge that my staff have not been assigned to audits that would prevent them from objectively planning, conducting, reporting, or otherwise participating, and reaching independent conclusions, in accordance with International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

Should I become aware of any changes in our circumstances, I will promptly notify the Audit Committee.

Signature: _____

Date: _____